

# **NTABANKULU LOCAL MUNICIPALITY**

## **DRAFT BUDGET**



**2017/2018 DRAFT MTREF**

DRAFT BUDGET OF

# NTABANKULU LOCAL MUNICIPALITY

2017/18 TO 2019/20  
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- At the public library within the municipality
  - At [www.ntabankulu.gov.za](http://www.ntabankulu.gov.za)

## Table of Contents

<b>PART 1 – ANNUAL BUDGET .....</b>	<b>1</b>
1.1 MAYOR’S REPORT .....	1
1.2 COUNCIL RESOLUTIONS .....	1
1.3 EXECUTIVE SUMMARY .....	2
1.5 OPERATING REVENUE FRAMEWORK .....	6
1.5 OPERATING EXPENDITURE FRAMEWORK.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
1.6 CAPITAL EXPENDITURE .....	14
1.7 ANNUAL BUDGET TABLES .....	15
<b>2 PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>30</b>
2.1 OVERVIEW OF THE BUDGET PROCESS .....	30
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	31
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	36
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	40
2.7 LEGISLATION COMPLIANCE STATUS .....	44
2.8 MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	46

## List of Tables

Allocations per line item are done by the departments themselves, as long as they don’t exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2017/18 Draft Medium Term Revenue Expenditure Forecast. ....	3
Table 2 Summary of revenue classified by main revenue source .....	7
Table 3 Operating Transfers and Grant Receipts.....	8
Table 4 Comparison of proposed rated levies for the 2017/18 financial year	<b>Error! Bookmark not defined.</b>
Table 5 2017/18 Medium-term capital budget per vote.....	14
<b>Table 6 MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote).....</b>	<b>19</b>
Table 7 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	21

## List of Figures

Figure 1 Main operational expenditure categories for the 2017/18 financial year .....	11
Figure 2 Capital Infrastructure Programme .....	<b>Error! Bookmark not defined.</b>

**Abbreviations and Acronyms**

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
EE	Employment Equity
M	Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant

RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

#### **1.1 Council Resolutions**

On the 30<sup>th</sup> March 2017, the Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Draft Budget of the municipality for the financial year 2017/2018. The Council approved and adopted the following resolutions:

1. That the Draft IDP 2017/2018 be approved;
2. That the Draft Budget 2017/2018 be approved as per section 22 of the MFMA.
3. That the Council approves the Draft Budget of the Municipality for the financial year 2017/2018; and indicative for the two projected outer years 2018/2019 and 2019/2020 be approved as set out in the following;
  - Operating Revenue by Source ...
  - Operating Expenditure by Source ...
  - Capital Expenditure by vote ...
  - Capital Funding by source .....
4. Council approves that the draft measurable performance objectives for each vote reflected in adopted budget are approved for the draft budget year 2017/2018.
5. The Council approves the amended and non-amended budget related policies that are as follows:-
  - Asset Management Policy
  - Transport Policy
  - Credit Control & Debt Collection Policy
  - Supply Chain Management Policy
  - Property Rates Policy
  - Indigent Policy
  - Cash & Investment Policy
  - Petty Cash Policy
  - Catering Policy
  - Commitments Policy

## 1.2 Executive Summary

### METHOD OF PREPARATION

The Annual Budget was prepared based on the Activity Based Method, Incremental Based Method and Zero Based Method. It has also been prepared in line with National Priorities, Provincial Development Growth Plan (PDGP), In terms of the method all some of the votes and line items were reduced to zero and some votes have the previous financial year budget figures and effected an inflation rate, and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The Strategic planning session was arranged by Municipal Manager on 07<sup>th</sup> - 10<sup>th</sup> of March 2017, to solicit information which was expected to reach the Chief Financial Officer for consolidation. All departments gave input that was to be used to finalise the Draft SDBIP.

The Municipality has developed a Revenue Enhancement Strategy that will assist in increasing the own revenue. The Municipality will implement the Credit Control policy to reduce the high level of revenue from outstanding debtors.

The municipality had challenges in terms of the overall performance in terms of the Audit Outcomes. The municipality has a target of achieving an unqualified audit for the budgeted financial period. The summary of audit outcomes for the 2013/2016 financial years is tabled below:-

Financial Year	Audit outcome
2012/2013	Qualified Audit Opinion
2013/2014	Disclaimer Audit Opinion
2014/2015	Qualified Audit Opinion
2015/2016	Qualified Audit Opinion

#### 1.4 Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

- Salaries and Wages;
- Repairs and Maintenance;
- Depreciation on Assets,
- Insurance,
- Electricity,
- Telephone,
- Subsistence and Travelling Allowances,
- Fuel etc.

The total budget amounts to **R224 090 567**, the breakdown of which is operational budgeted revenue of **R133 484 730**, capital budget **R90 579 595**, and internally generated funds (own revenue) of **R28 596 730**. Table 1 hereunder summarizes the budget per department

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2016/2017 Draft Medium Term Revenue Expenditure Forecast.

**Table 1**

	<b>Adjustment Budget 2016/17</b>	<b>Draft Budget 2017/18</b>	<b>Budget Year +1 2018/19</b>	<b>Budget Year +2 2019/20</b>
Total Revenue (excluding capital transfers and contributions)	133 584 581	133 484 730	165 793 108	165 613 456
Total Expenditure	122 392 581	124 132 622	143 471 738	140 344 003
Surplus/(Deficit) for the year	11 192 000	9 352 108	22 321 370	25 269 453
Total capital expenditure	120 152 000	99 957 945	78 605 950	87 877 068



**Total Revenue by source****Table 2**

<b>Revenue</b>	<b>Amount</b>	<b>Percentage</b>
Property Rates	10,164,814	4.54%
Service Charges	550,000	0.25%
Rental of Facilities	1,517,949	0.68%
Interest earned – external	3,000,000	1%
Interest earned – internal	550,000	0.25
Fines	3,500,000	2%
Operational Grants	104 888 000	47%
Capital Grants	90 579 595	40%
Other	9,313,967	4.16%
<b>Total</b>	<b>224 064 325</b>	<b>100%</b>

**Total Expenditure by type****Table 3**

<b>Expenditure</b>	<b>Amount</b>	<b>Percentage</b>
Employee Related Costs	54,760,521	44.11%
Remuneration of Councillors	11,758,828.11	9.47%
Provisions	1,500,000	1.21%
Depreciation	1,000,000	0.81%
Repairs and Maintenance	3,761,000	3.03%
Finance Charges	50,000.00	0.04%

General Expenses	51,302,273	41.33%
<b>Sub-total</b>	<b>124 132 622</b>	<b>100</b>
Capital	99 957 945	
<b>TOTAL</b>	<b>224 090 567</b>	

**Annual Budget per Department**  
**Table4**

Department	Income	Expenditure	Capital
Executive & Council	25,386 644	25 386 644	98 293 965
Finance and Admin	39 750 002	39 976 245	865 000
Community and public safety	27 499 855	27 499 855	800 000
Economic and environmental services	30 920 129	30 920 129	
Trading services	550 000	350 000	
<b>TOTAL</b>	<b>124 106 630</b>	<b>124 132 872</b>	<b>99 957 945</b>

### Capital Budget

Capital projects amounting to **R99 957 945** has been included in this budget. The municipality's internally generated funds available to fund these projects amount to **R9 378 350**

All projects presented in this report are the priorities as per the Integrated Development Plan which was reviewed from the month of August 2017 during the IDP Road-shows and the strategic planning session held in March 2017 by the municipality.

**Funding of Capital Budget**  
**Table 5**

INEP	40 000 000
MIG	27 738 000
Office of the Premier	22 841 595
<b>Sub Total</b>	<b>90 579 595</b>
Internal funds	9 378 350

<b>TOTAL</b>	<b>99 957 945</b>
--------------	-------------------

### Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2017/18 because COGTA has provided an extension of valuation roll with 12 months. The Supplementary Valuation Roll 4 has been prepared and Final SV4 is available of which notifications were done to Rate Payers through advert and public notices to the Ratepayers. This was to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The Final Supplementary Valuation Roll 4 was implemented from March 2016. The tariffs have been taken to Council.

### ACCUMULATED DEFICIT/SURPLUS

The Annual Budget has a deficit of R26 243.

### 1.5 Operating Revenue Framework

For Ntabankulu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Amendment Act (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):

**Table 6 Summary of revenue classified by main revenue source**

Choose name from list - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	2,891	2,722	–	6,500	6,500	6,500	–	10,165	11,120	7,729
Service charges - electricity revenue	2	(192)	(220)	(240)	(260)	(260)	(260)	–	(300)	(450)	(600)
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	445	445	445	–	550	133	133
Service charges - other											
Rental of facilities and equipment		813	948		1,095	1,395	1,395		1,500	1,589	1,231
Interest earned - external investments		1,754	1,709		2,300	2,300	2,300		3,000	3,177	2,735
Interest earned - outstanding debtors		–	521		150	150	150		550	602	178
Dividends received		–	–		–	–	–		–	–	–
Fines, penalties and forfeits		778	1,191		2,800	2,300	2,300		3,500	3,707	3,149
Licences and permits		133	131		–	–	–		–	–	–
Agency services		–	–		–	–	–		–	–	–
Transfers and subsidies		74,367	85,682		97,401	98,869	98,869				
Other revenue	2	–	–	–	21,976	21,626	21,626	–	9,332	35,447	47,292
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>132,406</b>	<b>133,325</b>	<b>133,325</b>	<b>–</b>	<b>28,297</b>	<b>55,324</b>	<b>61,848</b>
<b>Expenditure By Type</b>											
Employee related costs	2	–	–	–	49,678	49,678	49,678	–	54,761	38,436	36,935
Remuneration of councillors									11,759	12,864	14,061
Debt impairment	3										
Depreciation & asset impairment	2	–	–	–	5,698	3,498	3,498	–	1,500	1,589	6,776
Finance charges									85	90	95
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8								3,761	3,983	3,819
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	–	–	–	48,562	52,850	52,850	–	52,267	58,055	47,977
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>103,938</b>	<b>106,027</b>	<b>106,027</b>	<b>–</b>	<b>124,133</b>	<b>115,017</b>	<b>109,664</b>
<b>Surplus/(Deficit)</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(95,836)</b>	<b>(59,693)</b>	<b>(47,815)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									90,580	79,147	88,147
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher											
Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>

### 1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, are exempt from the levy of property rates

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

There are drastic increases on some revenue line items, the explanation is detailed below.

The **property rates** have an increase of **56 percent** comparing 2017/18 financial period and 2018/19 budgeted period. The increase arose in tariff increase; the anticipated billing increase in the properties that were vacant sites and improvements on developed sites before the completion of Supplementary Valuation Roll.

The municipality is now implementing Revenue Enhancement Strategy, wherein there are properties that were not included in the valuation roll will be included and the billing will increase. The necessary calculations were undertaken to inform the budgeted amount on property rates.

On **refuse** there is an increase of **24 percent** comparing 2017/18 financial period to 2018/19 budgeted period.

**Traffic fines** has increased by **52 percent** between 2017/18 financial period and 2018/19 financial period, because the Driving License Testing Centre will be fully functional from 2017/18 financial year. The current revenue from Traffic section is collected from the sub section of testing and licensing. There is also a system that will assist in maintaining the records of traffic fines and easy the process of collecting traffic fines.

**Table 7 Operating Transfers and Grant Receipts**

Choose name from list - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		72,434	85,462	103,132	1,999	1,999	98,277	104,638	110,019	114,222
Local Government Equitable Share		69,894	79,930	98,871			93,327	99,613	107,864	112,067
Finance Management		1,650	1,800	1,800			1,825	1,900	2,155	2,155
Municipal Systems Improvement		890	934	930			-			
EPWP Incentive			2,798	1,031	1,231	1,231	2,311	2,311	-	-
EPWP Incentive				500	768	768	814	814	-	-
<b>LGSETA</b>										
<b>Provincial Government:</b>		-	-	966	-	-	-	-	-	-
				566						
<b>LGSETA</b>				400						
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants</b>		72,434	85,462	104,098	1,999	1,999	98,277	104,638	110,019	114,222
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		44,271	55,577	58,702	75,960	75,960	75,960	67,738	78,981	88,147
Municipal Infrastructure Grant (MIG)		24,271	25,577	28,702	35,960	35,960	35,960	27,738	28,981	29,147
<b>INEP</b>		20,000	30,000	30,000	40,000	40,000	40,000	40,000	50,000	59,000
<b>Provincial Government:</b>		-	-	-	10,000	33,000	33,000	22,842	-	-
Provincial Treasury; COGTA/IEC Grant					10,000	33,000	33,000	22,842		
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	30,100	-	-	-	-	-	-	-
<i>[insert description]</i>			30,100							
<b>Total capital expenditure of Transfers and Grants</b>		44,271	85,677	58,702	85,960	108,960	108,960	90,580	78,981	88,147
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		116,705	171,139	162,800	87,959	110,959	207,237	195,218	189,000	202,369

**Table 8 Summary of operating expenditure by standard classification item**

Expenditure By Type											
Employee related costs	2	-	-	-	49,678	49,678	49,678	-	54,761	38,436	36,935
Remuneration of councillors									11,759	12,864	14,061
Debt impairment	3										
Depreciation & asset impairment	2	(9,128)	(10,583)	-	5,698	3,498	3,498	-	1,500	1,589	6,776
Finance charges									85	90	95
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	792	1,369						3,761	3,983	3,819
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	48,562	52,850	52,850	-	52,267	58,055	47,977
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>(8,336)</b>	<b>(9,214)</b>	<b>-</b>	<b>103,938</b>	<b>106,027</b>	<b>106,027</b>	<b>-</b>	<b>124,133</b>	<b>115,017</b>	<b>109,664</b>
<b>Surplus/(Deficit)</b>		<b>88,882</b>	<b>101,896</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>-</b>	<b>(95,836)</b>	<b>(59,693)</b>	<b>(47,815)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									90,580	79,147	88,147

The budgeted allocation for employee related costs for the 2016/2017 financial year totals R66,519,349 which equals 54% per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of **10 percent** for the 2017/18 financial year. An average annual increase of around **9.4 percent** for 2018/19 and **9 percent** for 2018/20 financial years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

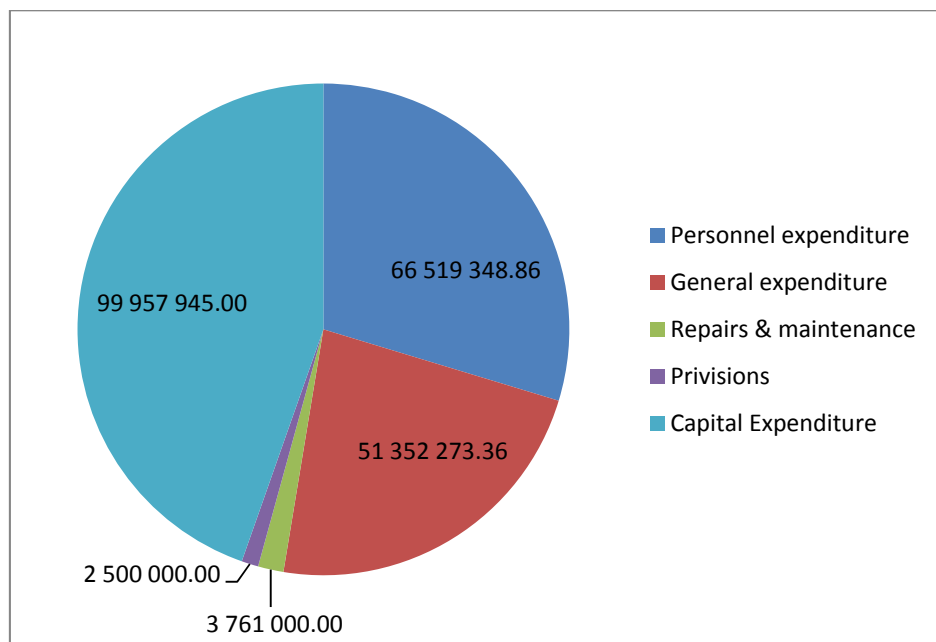
The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to **R1 000 000** and escalates to **R1 059 000** by 2018/19 and **R1,120,422** by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total **R1 500 000** for the 2017/18 financial and equates to **0.8 percent** of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The expenditure for other materials is expected to be constant over the MTERF period.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.



**Figure 1 Main operational expenditure categories for the 2016/17 financial year**

### 1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration and purchases of materials

The table below provides a breakdown of the repairs and maintenance in relation to asset class:



**Table 9 Repairs and maintenance per asset class**

Choose name from list - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	2,500	2,648	2,725
Roads Infrastructure		-	-	-	-	-	-	2,500	2,648	2,725
Roads								2,500	2,648	2,725
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		-	-	-	-	-	-	200	212	170
Community Facilities		-	-	-	-	-	-	200	212	170
Halls								200	212	170
Centres										

For the 2016/17 financial year R3,8 million of total repairs and maintenance will be spent on infrastructure assets.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The registering of households as indigents is a process that is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 13 MBRR Table 2 2016/17 Medium-term capital budget per vote**

<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		1,267	2,636	86,809	111,536	111,226	111,226	-	107,212	76,845	87,225
Executive and council				84,100	110,436	109,726	109,726		106,762	76,351	86,690
Budget and treasury office		755	1,968	2,634	1,100	1,500	1,500		450	494	535
Corporate services		513	668	75							
<i>Community and public safety</i>		-	-	-	-	-	-	-	930	616	652
Community and social services									930	616	652
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		28,898	29,339	-	-	1,740	1,740	-	-	-	-
Planning and development											
Road transport		28,898	29,339			1,740	1,740				
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
<i>Other</i>											
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>30,165</b>	<b>31,975</b>	<b>86,809</b>	<b>111,536</b>	<b>112,966</b>	<b>112,966</b>	<b>-</b>	<b>108,142</b>	<b>77,461</b>	<b>87,877</b>

For 2016/17 an amount of R106 762 million has been appropriated for the development of infrastructure. This represents 99% of the total capital budget.

New assets total represents 100 per cent or R108 142 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR B9 (Assets Management). In addition to the B9 MBRR, SB 18c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient project to be undertaken over the medium term includes, amongst others. Furthermore contains a detail breakdown of the capital per project over the MTRF.

### **1.7 Annual Budget Tables**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

#### **Table 14 MBRR Table A1 - Budget Summary**

Choose name from list - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	2,891	2,722	–	6,500	6,500	6,500	–	10,165	11,120	7,729
Service charges	(192)	(220)	(240)	185	185	185	–	250	(317)	(467)
Investment revenue	1,754	1,709	–	2,300	2,300	2,300	–	3,000	3,177	2,735
Transfers recognised - operational	74,367	85,682	–	97,401	98,869	98,869	–	–	–	–
Other own revenue	1,725	2,790	–	26,020	25,470	25,470	–	14,882	41,343	51,851
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>80,545</b>	<b>92,682</b>	<b>(240)</b>	<b>132,406</b>	<b>133,325</b>	<b>133,325</b>	<b>–</b>	<b>28,297</b>	<b>55,324</b>	<b>61,848</b>
Employee costs	–	–	–	49,678	49,678	49,678	–	54,761	38,436	36,935
Remuneration of councillors	–	–	–	–	–	–	–	11,759	12,864	14,061
Depreciation & asset impairment	(9,128)	(10,583)	–	5,698	3,498	3,498	–	1,500	1,589	6,776
Finance charges	–	–	–	–	–	–	–	85	90	95
Materials and bulk purchases	792	1,369	–	–	–	–	–	3,761	3,983	3,819
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	–	–	–	48,562	52,850	52,850	–	52,267	58,055	47,977
<b>Total Expenditure</b>	<b>(8,336)</b>	<b>(9,214)</b>	<b>–</b>	<b>103,938</b>	<b>106,027</b>	<b>106,027</b>	<b>–</b>	<b>124,133</b>	<b>115,017</b>	<b>109,664</b>
<b>Surplus/(Deficit)</b>	<b>88,882</b>	<b>101,896</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(95,836)</b>	<b>(59,693)</b>	<b>(47,815)</b>
Transfers and subsidies - capital (monetary allocation)	–	–	–	–	–	–	–	90,580	79,147	88,147
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>88,882</b>	<b>101,896</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>88,882</b>	<b>101,896</b>	<b>(240)</b>	<b>28,468</b>	<b>27,298</b>	<b>27,298</b>	<b>–</b>	<b>(5,256)</b>	<b>19,454</b>	<b>40,332</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	–	–	–	–	–	–	–	99,958	78,606	78,659
Transfers recognised - capital	31,795	86,809	–	–	–	–	–	90,580	78,606	78,659
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	9,378	–	–
<b>Total sources of capital funds</b>	<b>31,795</b>	<b>86,809</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>99,958</b>	<b>78,606</b>	<b>78,659</b>
<b>Financial position</b>										
Total current assets	2,498	2,540	21,312	13,662	13,662	13,662	13,662	22,480	21,504	20,158
Total non current assets	147,404	225,227	309,208	321,867	321,867	321,867	315,013	326,856	346,402	366,493
Total current liabilities	6,165	7,056	10,839	4,589	4,589	4,589	4,589	5,000	4,000	3,000
Total non current liabilities	–	148	624	480	600	600	600	400	424	448
Community wealth/Equity	–	–	–	–	–	–	–	–	–	–
<b>Cash flows</b>										
Net cash from (used) operating	33,532	50,702	–	115,887	115,887	115,887	115,887	(94,036)	(57,654)	(40,439)
Net cash from (used) investing	(30,165)	(86,809)	–	(112,966)	(112,966)	(112,966)	(112,966)	(90,580)	(79,147)	(88,147)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>3,367</b>	<b>(36,107)</b>	<b>–</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>(184,615)</b>	<b>(321,417)</b>	<b>(450,003)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	–	–	11,280	1,894	1,894	1,894	1,894	11,280	11,945	12,638
Application of cash and investments	1,155	3,823	9,612	(7,218)	(7,420)	(7,420)	4,589	(6,089)	(5,531)	(4,574)
<b>Balance - surplus (shortfall)</b>	<b>(1,155)</b>	<b>(3,823)</b>	<b>1,668</b>	<b>9,112</b>	<b>9,314</b>	<b>9,314</b>	<b>(2,695)</b>	<b>17,369</b>	<b>17,476</b>	<b>17,212</b>
<b>Asset management</b>										
Asset register summary (WDV)	93,724	169,365	–	226,281	226,281	226,281	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	3,602	3,602	3,814	3,706
<b>Free services</b>										
Cost of Free Basic Services provided	192	220	240	260	260	260	300	300	450	600
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	5	6	6	7	7	7	7	7	8	8
Refuse:	–	–	–	–	–	–	–	–	–	–

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the two outer years of the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Choose name from list - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		94,328	111,355	-	185,897	198,927	198,927	65,137	156,256	168,433
Executive and council		60,557	97,462	-	131,732	144,462	144,462	25,387	105,165	113,831
Finance and administration		33,771	13,894	-	54,165	54,465	54,465	39,750	51,091	54,602
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14,744	17,897	-	25,458	25,986	25,986	27,500	26,442	26,019
Community and social services		13,405	16,447	-	23,308	23,836	23,836	25,247	24,479	23,578
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1,339	1,450	-	2,150	2,150	2,150	2,253	1,962	2,441
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,956	19,581	-	16,721	17,081	17,081	30,920	25,716	17,084
Planning and development		8,627	9,951	-	9,921	10,281	10,281	24,006	18,267	9,697
Road transport		8,329	9,630	-	6,800	6,800	6,800	6,914	7,449	7,387
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		839	785	-	550	550	550	550	582	639
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		839	785	-	550	550	550	550	582	639
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	126,867	149,619	-	228,626	242,545	242,545	124,107	208,996	212,175
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	-	110,389	185,897	198,927	198,927	65,363	148,830	176,099
Executive and council		-	-	77,988	131,732	144,462	144,462	25,387	105,165	113,831
Finance and administration		-	-	32,401	54,165	54,465	54,465	39,776	43,665	62,267
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	13,303	25,458	25,986	25,986	27,500	26,442	26,019
Community and social services		-	-	12,134	23,308	23,836	23,836	25,247	24,479	23,578
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	1,170	2,150	2,150	2,150	2,253	1,962	2,441
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	8,891	16,721	17,081	17,081	30,920	25,716	17,084
Planning and development		-	-	5,250	9,921	10,281	10,281	24,006	18,267	9,697
Road transport		-	-	3,641	6,800	6,800	6,800	6,914	7,449	7,387
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	226	550	550	550	350	371	452
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	226	550	550	550	350	371	452
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	-	132,809	228,626	242,545	242,545	124,133	201,358	219,654
<b>Surplus/(Deficit) for the year</b>		126,867	149,619	(132,809)	-	-	-	(26)	7,638	(7,479)

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital).

**Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Choose name from list - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote		1									
Vote 1 - Mayor & Council			8,552	74,863	–	10,770	10,770	10,770	11,844	12,954	14,156
Vote 2 - Municipal Manager, Town Secretary and Chief Executive Officer			52,005	22,599	–	120,962	133,692	133,692	13,543	92,211	99,676
Vote 3 - Finance and administration			33,771	13,894	–	54,165	54,465	54,465	39,750	51,091	54,602
Vote 4 - Community and social services			13,405	16,447	–	38,048	38,048	38,048	25,247	24,479	23,578
Vote 5 - Public safety			1,339	1,450	–	2,150	2,150	2,150	2,253	1,962	2,441
Vote 6 - Planning and development			8,627	9,951	–	9,921	10,281	10,281	24,006	18,267	9,697
Vote 7 - Road transport			8,329	9,630	–	6,800	6,800	6,800	6,914	7,449	7,387
Vote 8 - Waste management			839	785	–	550	550	550	550	582	639
Vote 9 - [NAME OF VOTE 9]			–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]			–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]			–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Revenue by Vote		2	126,867	149,619	–	243,367	256,757	256,757	124,107	208,996	212,175
Expenditure by Vote to be appropriated		1									
Vote 1 - Mayor & Council			–	–	7,097	–	–	–	11,844	12,954	14,156
Vote 2 - Municipal Manager, Town Secretary and Chief Executive Officer			–	–	70,891	–	–	–	13,543	92,211	99,676
Vote 3 - Finance and administration			–	–	8,532	–	–	–	39,976	43,665	62,267
Vote 4 - Community and social services			–	–	23,869	–	–	–	25,247	24,479	23,578
Vote 5 - Public safety			–	–	1,170	–	–	–	2,253	1,962	2,441
Vote 6 - Planning and development			–	–	5,250	–	–	–	24,006	18,267	9,697
Vote 7 - Road transport			–	–	3,641	–	–	–	6,914	7,449	7,387
Vote 8 - Waste management			–	–	–	–	–	–	350	371	452
Vote 9 - [NAME OF VOTE 9]			–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]			–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]			–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		2	–	–	120,449	–	–	–	124,133	201,358	219,654
Surplus/(Deficit) for the year		2	126,867	149,619	(120,449)	243,367	256,757	256,757	(26)	7,638	(7,479)

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**



EC444 Ntabankulu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

LC444 (Ntabankulu - Table A4) Consolidated Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	2,236	2,891	2,722	2,844	2,844	2,844	-	6,500	7,131	7,729
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	(6)	(6)	(6)	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	160	170	233	280	280	280	-	445	477	133
Service charges - other											
Rental of facilities and equipment		881	813	948	1,084	1,084	1,084		1,095	1,163	1,231
Interest earned - external investments		1,559	1,754	1,709	2,278	2,000	2,278		2,300	2,523	178
Interest earned - outstanding debtors		-	-	521	16	40	16		150	165	178
Dividends received		-	-	-	-	-	-		-	-	-
Fines		433	606	1,191	1,701	1,701	1,701		2,800	2,974	3,149
Licences and permits		274	172	131	-	-	-		-	-	-
Agency services		-	-	-	-	-	-		-	-	-
Transfers recognised - operational		67,715	74,367	85,682	103,356	105,424	103,356		97,401	99,548	105,226
Other revenue	2	657	1,822	407	-	-	-	-	21,976	11,435	47,492
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		73,907	82,590	93,536	111,558	113,373	111,558	-	132,666	125,414	165,317
Expenditure By Type											
Employee related costs	2	28,442	33,436	39,431	35,704	34,749	-	-	49,678	53,829	63,573
Remuneration of councillors		8,114	9,027	9,163	11,292	11,292	11,292		10,690	11,287	12,065
Debt impairment	3	4,757	1,906	1,407	529	-	529		2,046	2,245	2,433
Depreciation & asset impairment	2	6,091	9,128	10,583	2,824	2,824	-	-	5,698	6,251	6,776
Finance charges		97	12	73	100	-	-	-	10	11	12
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,083	792	1,369	3,600	3,520	3,520		3,800	3,599	3,990
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	29,469	45,990	51,486	43,797	49,968	43,797		48,562	43,852	48,826
Loss on disposal of PPE		538	413	35							
Total Expenditure		79,590	100,703	113,545	97,846	102,352	59,138	-	120,484	121,074	137,676
Surplus/(Deficit)		(5,683)	(18,113)	(20,009)	13,712	11,020	52,420	-	12,182	4,340	27,641
Transfers recognised - capital		34,201	44,271	56,077	103,245	103,484	103,484		95,960	77,738	59,000
Contributions recognised - capital	6	-	-	-	-	-	-	-	(108,142)	(77,461)	(87,877)
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		28,518	26,158	36,068	116,957	114,505	155,904	-	(0)	4,617	(1,236)
Taxation											
Surplus/(Deficit) after taxation		28,518	26,158	36,068	116,957	114,505	155,904	-	(0)	4,617	(1,236)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		28,518	26,158	36,068	116,957	114,505	155,904	-	(0)	4,617	(1,236)
Share of surplus/ (deficit) of associate	7			1,348							
Surplus/(Deficit) for the year		28,518	26,158	37,416	116,957	114,505	155,904	-	(0)	4,617	(1,236)

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is **R228 626** million in 2016/17 and decreases to **R224 317** million by 2018/19.
2. Revenue to be generated from property rates is R6 million in the 2016/17 financial year and increases to R7.7 million by 2018/19 which represents 3 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored with the inflation rate applicable to each of the respective financial years of the MTREF as per Circular 79.
3. Services charges relating to refuse removal is also critical to the revenue basket of the Municipality totalling R445 000 for the 2016/17 financial year and increasing to R448 090 by 2018/19.

- Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
- Employee related costs and general expenses are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and general expenses (other costs) in future years

**Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Capital Expenditure - Standard											
Governance and administration	1,267	2,636	86,809	111,536	111,226	111,226	-	107,212	76,845	87,225	
Executive and council			84,100	110,436	109,726	109,726		106,762	76,351	86,690	
Budget and treasury office	755	1,968	2,634	1,100	1,500	1,500		450	494	535	
Corporate services	513	668	75								
Community and public safety	-	-	-	-	-	-	-	930	616	652	
Community and social services								930	616	652	
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services	28,898	29,339	-	-	1,740	1,740	-	-	-	-	
Planning and development											
Road transport	28,898	29,339			1,740	1,740					
Environmental protection											
Trading services	-	-	-	-	-	-	-	-	-	-	
Electricity											
Water											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Standard	3	30,165	31,975	86,809	111,536	112,966	112,966	-	108,142	77,461	87,877

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the

purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 18 MBRR Table A6 -Budgeted Financial Position**

Choose name from list - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>											
<b>Current assets</b>											
Cash				8,844	1,894	1,894	1,894	1,894	8,844	9,365	9,909
Call investment deposits	1	–	–	2,436	–	–	–	–	2,436	2,580	2,729
Consumer debtors	1	2,498	2,540	10,032	11,768	11,768	11,768	11,768	11,200	9,559	7,520
Other debtors											
Current portion of long-term receivables											
Inventory	2										
<b>Total current assets</b>		<b>2,498</b>	<b>2,540</b>	<b>21,312</b>	<b>13,662</b>	<b>13,662</b>	<b>13,662</b>	<b>13,662</b>	<b>22,480</b>	<b>21,504</b>	<b>20,158</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property				23,115					23,115	24,478	25,898
Investment in Associate											
Property, plant and equipment	3	147,311	225,134	286,000	321,578	321,578	321,578	314,725	303,453	321,617	340,271
Agricultural											
Biological											
Intangible		93	93	93	289	289	289	289	289	306	324
Other non-current assets											
<b>Total non current assets</b>		<b>147,404</b>	<b>225,227</b>	<b>309,208</b>	<b>321,867</b>	<b>321,867</b>	<b>321,867</b>	<b>315,013</b>	<b>326,856</b>	<b>346,402</b>	<b>366,493</b>
<b>TOTAL ASSETS</b>		<b>149,902</b>	<b>227,767</b>	<b>330,520</b>	<b>335,529</b>	<b>335,529</b>	<b>335,529</b>	<b>328,675</b>	<b>349,336</b>	<b>367,906</b>	<b>386,651</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	–	–	1,227	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	6,165	7,056	9,612	4,589	4,589	4,589	4,589	5,000	4,000	3,000
Provisions											
<b>Total current liabilities</b>		<b>6,165</b>	<b>7,056</b>	<b>10,839</b>	<b>4,589</b>	<b>4,589</b>	<b>4,589</b>	<b>4,589</b>	<b>5,000</b>	<b>4,000</b>	<b>3,000</b>
<b>Non current liabilities</b>											
Borrowing		–	148	624	480	600	600	600	400	424	448
Provisions		–	–	–	–	–	–	–	–	–	–
<b>Total non current liabilities</b>		<b>–</b>	<b>148</b>	<b>624</b>	<b>480</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>400</b>	<b>424</b>	<b>448</b>
<b>TOTAL LIABILITIES</b>		<b>6,165</b>	<b>7,204</b>	<b>11,463</b>	<b>5,069</b>	<b>5,189</b>	<b>5,189</b>	<b>5,189</b>	<b>5,400</b>	<b>4,424</b>	<b>3,448</b>
<b>NET ASSETS</b>	5	<b>143,737</b>	<b>220,563</b>	<b>319,057</b>	<b>330,460</b>	<b>330,340</b>	<b>330,340</b>	<b>323,487</b>	<b>343,936</b>	<b>363,482</b>	<b>383,203</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		184,583	220,660		221,782	221,782	221,782		156,092	252,000	303,000
Reserves	4	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>184,583</b>	<b>220,660</b>	<b>–</b>	<b>221,782</b>	<b>221,782</b>	<b>221,782</b>	<b>–</b>	<b>156,092</b>	<b>252,000</b>	<b>303,000</b>

### Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as

“accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes (Sb2 and B7) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 19 MBRR Table A7 - Budgeted Cash Flow Statement**

Choose name from list - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		1,409	2,722		6,500	6,500	6,500	6,500	10,165	11,120	7,729
Service charges		6,824			445	445	445	445	550	133	133
Other revenue		638	4,016		25,870	25,870	25,870	25,870	14,332	40,742	51,672
Government - operating	1	64,741	119,566		97,401	97,401	97,401	97,401	-	-	-
Government - capital	1	31,460	21,577		95,960	95,960	95,960	95,960	-	-	-
Interest		1,559	2,230		2,450	2,450	2,450	2,450	3,550	3,779	2,913
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(73,002)	(99,335)		(112,729)	(112,729)	(112,729)	(112,729)	(122,548)	(113,338)	(102,792)
Finance charges		(97)	(73)		(10)	(10)	(10)	(10)	(85)	(90)	(95)
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		33,532	50,702	-	115,887	115,887	115,887	115,887	(94,036)	(57,654)	(40,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(30,165)	(86,809)		(112,966)	(112,966)	(112,966)	(112,966)	(90,580)	(79,147)	(88,147)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(30,165)	(86,809)	-	(112,966)	(112,966)	(112,966)	(112,966)	(90,580)	(79,147)	(88,147)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		3,367	(36,107)	-	2,921	2,921	2,921	2,921	(184,615)	(136,801)	(128,586)
Cash/cash equivalents at the year begin:	2								-	(184,615)	(321,417)
Cash/cash equivalents at the year end:	2	3,367	(36,107)	-	2,921	2,921	2,921	2,921	(184,615)	(321,417)	(450,003)

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals –R8 844 thousand as at the end of the 2018/19.

**Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Choose name from list - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	3,367	(36,107)	-	2,921	2,921	2,921	2,921	(184,615)	(321,417)	(450,003)
Other current investments > 90 days		(3,367)	36,107	11,280	(1,027)	(1,027)	(1,027)	(1,027)	195,895	333,362	462,641
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	-	11,280	1,894	1,894	1,894	1,894	11,280	11,945	12,638
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	2,436	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	1,155	3,823	7,176	(7,218)	(7,420)	(7,420)	4,589	(6,089)	(5,531)	(4,574)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		1,155	3,823	9,612	(7,218)	(7,420)	(7,420)	4,589	(6,089)	(5,531)	(4,574)
<b>Surplus(shortfall)</b>		(1,155)	(3,823)	1,668	9,112	9,314	9,314	(2,695)	17,369	17,476	17,212

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the revised 2017/18 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

### Table 21 MBRR Table A9 - Asset Management

Choose name from list - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	29,339	84,516	19,246	81,969	117,882	62,982	97,058	77,971	87,225
Roads Infrastructure		12,826	14,742	19,246	35,362	59,062	59,062	49,193	27,690	27,690
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		16,513	69,358	-	40,000	54,900	-	40,000	50,000	59,000
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		29,339	84,100	19,246	75,362	113,962	59,062	89,193	77,690	86,690
Community Facilities		-	-	-	2,270	3,170	3,170	3,000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	2,270	3,170	3,170	3,000	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	4,100	500	500	4,000	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	4,100	500	500	4,000	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	417	-	237	250	250	265	281	535
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	600	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not met both these recommendations due to funds constraints.

**Table 22 MBRR Table A10 - Basic Service Delivery Measurement**



Choose name from list - Table A10 Consolidated basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		620	620	620	3,450	3,450	3,450	3,450	5,000	6,000
Other energy sources		3,900	5,270	5,270	3,855	3,855	3,855	3,855	3,000	2,000
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	4,520	5,890	5,890	7,305	7,305	7,305	7,305	8,000	8,000
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		192	220	240	260	260	260	300	450	600
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		192	220	240	260	260	260	300	450	600
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)				1,725	1,725	1,725	1,725	1,725	2,500	3,000
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	-	-	-	-	-	-	-	-	-

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 5 581 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is expected to be constant given although in real terms is supposed to increase due to the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R3million in 2017/18, and R3.3 million in 2019/20. This is covered by the municipality's equitable share allocation from national government.

## 2 Part 2 – Supporting Documentation

### 2.1 Overview of the budget process

This was covered during the preparation of the budget that was adopted in August 2016.

Below is the IDP and Budget Process Plan that was utilised to facilitate the processes of IDP consultation, consolidation, and alignment with the Budget to the final stage of approval by the Council.

• June – August	National and Provincial Departments prepare MTEF Budgets
• September	National and Provincial Departments prepare adjustments estimates
• October	Extended National Cabinet Finalize Division of Revenue
• November	Provincial Cabinet approved Budget proposals – Departments allocations
• December -January	Council Budget Adjustment Adoption of Annual Report
• February – March	National/Provincial tabling of Budget Council table Draft IDP & Budget
• April	IDP Review & Budget advertised for public comment National DORA and Provincial budgets legislated and DORA gazette notices published
• May	Council Finalizes IDP, Budget, SDBIP & PMS
• June-July	Reviewed IDP & Budget advertised Council Finalizes Performance Agreements

## **2.2 Overview of alignment of Annual Budget with IDP**

The development of the Draft IDP of 2017-2018 and the 2017/2018 Budget Compilation were done simultaneously. The Community Participation Process IDP priorities and the implications will yield discussion on the current and future budget. The Community in this regard had been invited for comments on both the Draft IDP and the 2017/2018 Budget. The IDP was then aligned to budget, was finalised and adopted by the Council on the 30<sup>th</sup> of March 2017.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments that were reflected in schedules SA4-6 of the draft budget

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the

development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal

integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 23 IDP Strategic Objectives**

2016/2017 Financial Year		2017/2018 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set

			objectives
--	--	--	------------

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. This was done during consultative budget processes during preparatory process for the budget that was adopted in May hence the revised budget is also informed by the adopted budget.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
  - Provide Electricity
  - Provide Water
  - Provide Sanitation
  - Provide Waste Removal
  - Provide Housing
  - Provide Roads and Storm Water; and
  - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - 
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure (EPWP)
3. Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the Provincial Department of Health to provide primary health care services;
  - Extending waste removal services and ensuring effective cleansing;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and

- 3.1 Integrated Social Services for empowered and sustained communities
  - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
- 4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above..

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and



- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the revised IDP, including;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 5 Planning, Budgeting and Reporting Cycle**

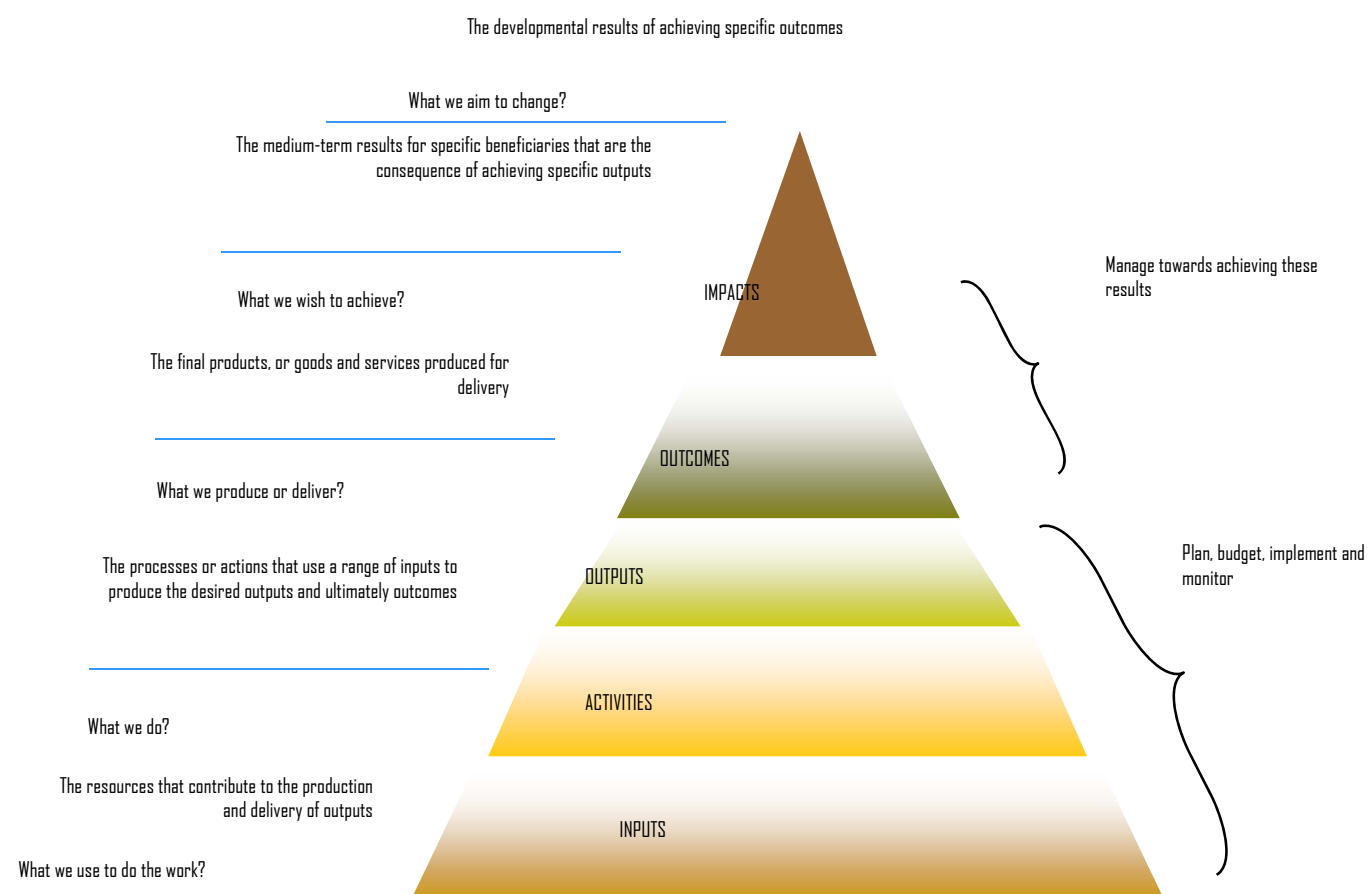
The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

### Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



The revised SBDIP provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

#### 2.3.1 Safety of Capital

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

*The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Currently, the municipality have no outstanding borrowings.

### **2.3.2 Liquidity**

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

### **2.3.3 Revenue Management**

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

### **2.3.4 Creditors Management**

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that municipality is working towards 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 9 292 registered household indigents and only 5581 have been approved and provided for in the budget with this figure hoping to maintain by 2017/18.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 31.

## **2.4 OVERVIEW OF BUDGET RALATED POLICIES**

As listed hereunder are all the policies that are current adopted by

Ntabankulu Local Municipality. All these policies can be viewed on the official municipal website [www.ntabankulu.gov.za](http://www.ntabankulu.gov.za)

### **Approved Policies**

- 1 Credit Control & Debt Collection Policy
- 2 Asset Management Policy
- 3 Property Rates Policy
- 4 Tariff Policy
- 5 Supply Chain Management Policy
- 6 Indigent Policy
- 7 Budget Policy
8. Transport Policy
9. Investment Policy

## **2.5 Overview of Budget Assumptions**

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2017/18 budget:

 Estimate Salary Increases

- 2017/18 – 10%

- 2018/19 – 9.4%
- 2019/20 – 9%

+ Debt Impairment: the overall collection levels are estimate around 95% overall for the NLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% in 2017/18)
- Refuse 95% in 2017/18)

+ Indigent Support is 39% on registered indigents;

+ Ntabankulu Local Municipality will continue with its current powers and functions;

+ Government grants for the years 2017/18 to 2019/20 are as per the Division of Revenue Act, assuming that all allocations will be received;

+ The inflation rate has been estimated at 6.1% per annum;

+ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as rental of facilities, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

## **2.6 Cash Flow Management**

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. It gives information on what months is municipality expecting to receive revenue and which months it is also expecting to incur expenditure. This information influence investment decisions. The following cash flow management information is contained in some of schedules on the municipal revised budget and is as follows:

### **Supporting Table SA26 - monthly revenue and expenditure**

Choose name from list - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	847	847	847	847	847	847	847	847	847	847	847	847	10,165	11,120	7,729
Service charges - electricity revenue													-	-	-
Service charges - water revenue													-	-	-
Service charges - sanitation revenue													-	-	-
Service charges - refuse revenue	46	46	46	46	46	46	46	46	46	46	46	46	550	133	133
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	125	125	125	125	125	125	125	125	125	125	125	125	1,500	1,589	1,231
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,177	2,735
Interest earned - outstanding debtors	46	46	46	46	46	46	46	46	46	46	46	46	550	602	178
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,707	3,149
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	778	778	778	778	778	778	778	778	778	778	778	778	9,332	35,447	47,292
<b>Cash Receipts by Source</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>28,597</b>	<b>55,774</b>	<b>62,448</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital													-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-		
Proceeds on disposal of PPE													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits													-		
Decrease (increase) in non-current debtors													-		
Decrease (increase) other non-current receivables													-		
Decrease (increase) in non-current investments													-		
<b>Total Cash Receipts by Source</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>2,383</b>	<b>28,597</b>	<b>55,774</b>	<b>62,448</b>
<b>Cash Payments by Type</b>															
Employee related costs	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563	54,761	38,436	36,935
Remuneration of councillors	980	980	980	980	980	980	980	980	980	980	980	980	11,759	12,864	14,061
Finance charges	7	7	7	7	7	7	7	7	7	7	7	7	85	90	95
Bulk purchases - Electricity													-		
Bulk purchases - Water & Sewer													-		
Other materials	313	313	313	313	313	313	313	313	313	313	313	313	3,761	3,983	3,819
Contracted services													-		
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	52,267	58,055	47,977
<b>Cash Payments by Type</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>10,219</b>	<b>122,633</b>	<b>113,428</b>	<b>102,888</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	7,548	7,548	7,548	7,548	7,548	7,548	7,548	7,548	7,548	7,548	7,548	7,548	90,580	79,147	88,147
Repayment of borrowing													-		
Other Cash Flows/Payments													-		
<b>Total Cash Payments by Type</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>17,768</b>	<b>213,212</b>	<b>192,575</b>	<b>191,035</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(15,385)</b>	<b>(184,615)</b>	<b>(136,801)</b>	<b>(128,586)</b>
Cash/cash equivalents at the monthly year begin:		(15,385)	(30,769)	(46,154)	(61,538)	(76,923)	(92,308)	(107,692)	(123,077)	(138,462)	(153,846)	(169,231)	-	(184,615)	(321,417)
Cash/cash equivalents at the monthly year end:	(15,385)	(30,769)	(46,154)	(61,538)	(76,923)	(92,308)	(107,692)	(123,077)	(138,462)	(153,846)	(169,231)	(184,615)	(184,615)	(321,417)	(450,003)

## Supporting Table SA30 Annual Budget - monthly cash flow



Choose name from list - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>																
Vote 1 - Mayor & Council		987	987	987	987	987	987	987	987	987	987	987	987	11,844	12,954	14,156
Vote 2 - Municipal Manager, Town Secretary and Council		9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	(88,973)	13,543	92,211
Vote 3 - Finance and administration		3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	2,520	39,750	51,091
Vote 4 - Community and social services		2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	1,371	25,247	24,479
Vote 5 - Public safety		188	188	188	188	188	188	188	188	188	188	188	188	2,253	1,962	2,441
Vote 6 - Planning and development		2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	24,006	18,267	9,697
Vote 7 - Road transport		576	576	576	576	576	576	576	576	576	576	576	576	6,914	7,449	7,387
Vote 8 - Waste management		46	46	46	46	46	46	46	46	46	46	46	46	550	582	639
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Total Revenue by Vote</b>		<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>18,672</b>	<b>(81,286)</b>	<b>124,107</b>	<b>208,996</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Mayor & Council		987	987	987	987	987	987	987	987	987	987	987	987	11,844	12,954	14,156
Vote 2 - Municipal Manager, Town Secretary and Council		9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	9,320	(88,973)	13,543	92,211
Vote 3 - Finance and administration		1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	26,842	39,976	43,665
Vote 4 - Community and social services		2,184	2,184	2,184	2,184	2,184	2,184	2,184	2,184	2,184	2,184	2,184	2,184	1,218	25,247	24,479
Vote 5 - Public safety		188	188	188	188	188	188	188	188	188	188	188	188	2,253	1,962	2,441
Vote 6 - Planning and development		2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	2,001	24,006	18,267	9,697
Vote 7 - Road transport		576	576	576	576	576	576	576	576	576	576	576	576	6,914	7,449	7,387
Vote 8 - Waste management														350	371	452
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Total Expenditure by Vote</b>		<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>16,449</b>	<b>(56,811)</b>	<b>124,133</b>	<b>201,358</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>(24,474)</b>	<b>(26)</b>	<b>7,638</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>2,223</b>	<b>(24,474)</b>	<b>(26)</b>	<b>7,638</b>

## 2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

### 2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department.

### 3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

### 4. Audit Committee

An Audit Committee has been established and is fully functional.

**5. Draft Integrated Development Plan**

The Draft IDP document is in place and was tabled for the approval of the 2017/18 Draft MTREF in March 2016 directly aligned and it informs the 2017/18 MTREF.

**6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

**7. Policies**

Most budget related policies are in place.

## **2.8 Municipal Manager's quality certificate**

I, Sindiswa Mankahla, Municipal Manager of Ntabankulu Local Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name** \_\_\_\_\_

**Municipal Manager of Ntabankulu Local Municipality (EC 444)**

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_